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Cost of Doing Business Survey

COST OF DOING BUSINESS SURVEY

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A REVIEW OF 1980

There were 357 respondents to the 1980 Cost-of-Doing Business Survey, and they reported total revenues of $296.8 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1980	1979	1978	1977
0 to $100,000	22	26	27	30
$100,001-$200,000	58	73	54	68
$200,001-$500,000	141	131	116	102
$500,001-$1.0 million	62	68	75	55
Over $1.0 million	74	61	50	48
Total Respondents	357	359	322	303
Total Revenues (millions)	$296.8	$253.2	$228.8	$197.1

Record revenues were reported by the respondents, averaging $830,000 per respondent. The previous highest averages were $711,000 in 1978 and $705,000 in 1979.

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1977-1980 by size, source of revenue and type of equipment rented.

Profitability

Profitability of rental firms was down substantially in 1980 from the excellent record of 1977-79. Return on investment was 19.2 percent compared with 32.8 percent in 1979 and 33.7 percent in 1978. Total reported profits were $17.3 million or an average of $48,400 per respondent (versus $73,000 in 1979). Return on revenues dropped to 5.8 percent, almost one-half of the 10.4 percent and 10.5 percent returns of 1979 and 1978 respectively, and the lowest return in the 10 years that A.R.A. has conducted this survey.

Profitability related to size of firm. While 1979 was an exceptionally good year for the smallest rental firms, 1980 was poor. The 22 respondents lost $43,000 (total); this is the first time in a decade of surveying rental firms that this group has shown a loss.

Among the remaining larger firms, average return on investment in 1980 varied only slightly from 19.3 to 19.5 percent, down substantially from 1979. Firms with over $1 million in revenues registered a 35.1 percent return on investment (ROI) in 1979 compared with 19.3 percent in 1980.

Profitability related to source of revenues. Firms predominantly in the rental business (70 percent or more of their revenues from rentals) did substantially better in 1980 than those firms relying more on sales in terms of ROI (21.3 percent), return on assets (10.6 percent), and return on revenues (8.3 percent). Those sales-oriented firms experienced a 14.4 percent ROI, a 4.2 percent return on assets, and only a 2.9 percent return on revenues.

In prior years (1977 through 1979 in particular), both types of firms experienced much higher returns on investment, assets and revenues.

Profitability related to type of equipment rented. Even with the downturn in construction in 1980, firms in the construction and industrial equipment categories experienced a higher ROI (19.6 percent than did general rental firms (15.2 percent). Medical, party, and audio visual firms earned a respectable 29.8 percent on their investment in 1980. ROI for all three categories were substantially below 1979.

Profitability related to region. Rental firms in Texas, Oklahoma, Arkansas and Louisiana (Region 4) had the highest ROI in 1980—27.3 percent. However, this was down from the 38.2 percent reported in 1979.

Other regions reporting above average earnings, as measured by ROI, were New England (Region 1) with 26.1 percent; California, Hawaii and Nevada (Region 9) with 24.2 percent; the Southeast area (Region 3) with a 22.9 percent ROI; and Canada with 21.8 percent. Again, all of these regions reported lower returns than in the previous year.

At the lower end, firms in Region 5 (the upper midwest area) dropped from an average 30.3 percent ROI in 1979 to 6.0 percent in 1980. Region 6 firms were down substantially—11.3 percent in 1980 versus 23.7 percent in 1979; and Region 8 firms dropped from 35.1 percent ROI in 1979 to 16.1 percent in 1980.

Expenses

Overall expenses, as measured in terms of gross operating profits, were up to 93.1 percent in 1980. This compared with 87.1 percent in 1979 and 86.0 percent in 1978. The largest increases were in:

Interest	+1.6 percent
Salaries and wages	+1.3 percent
Shop supplies and expenses	+1.2 percent

Financial Condition

Despite the below average earnings record of 1980, there was little overall change in the financial condition of rental firms. The current ratio dropped only slightly, from 1.3 in 1979 to 1.2 in 1980. Accounts receivable were steady at between 13 and 14 percent of assets; inventories did increase from 7.9 percent in 1979 to 12.4 percent in 1980.

On the liabilities side, accounts payable stayed at 6.4 percent, the same as in 1979. Long term debt was virtually the same as in 1979—26.4 percent. Net worth dropped from 44 to 41 percent.

Other Financial Indicators

Proprietors salaries and drawings for those firms reporting averaged $42,200 in 1980; this compared with $35,700 in 1979 and $33,200 in 1978.

Yellow page advertising averaged $6,700 per firm in 1980. This was up from the $5,100 per firm reported in 1979.

Other Comments

More detailed tabulations for firms in each major rental category will be available through the respective councils.

BBC thanks the 357 firms responding for 1980. This was the second highest response since the annual cost-of-doing-business surveys were initiated in 1971.

History

This is the tenth annual cost-of-doing-business survey. Since 1971, the first year, the number of respondents has grown from 223 to 357 in 1980. The distribution of respondents by revenue groups has materially changed with only 22 currently in the group with less than $100,000 of total annual revenues compared to 91 in the first survey. Conversely, those respondents in the group showing over $1 million annual revenue have increased from 12 in 1971 to 74 in the current survey.

Average revenue per respondent has increased from $257,000 in 1971 to $830,000 in 1980, but profitability in 1980 has returned to 1971 levels after the peak year of 1978. Comparisons of the three years are:

	1980	1978	1971
Return on Investment	19.2%	33.7%	19.1%
Return on Total Assets	7.9	14.9	7.3
Return on Revenues	5.8	10.5	6.3

FIGURE 1. SOURCES OF REVENUE, 357 RESPONDENTS, 1980

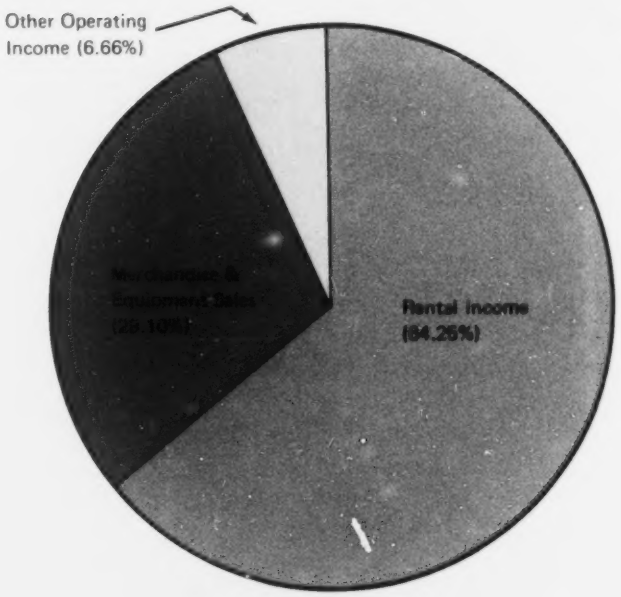
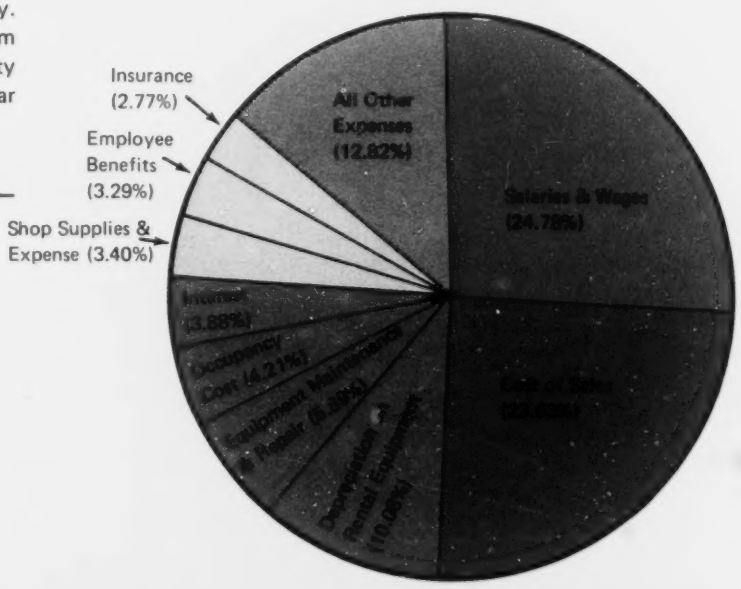


FIGURE 2. MAJOR EXPENSE CATEGORIES, 357 RESPONDENTS, 1980



PROFIT BY REVENUE CATEGORY, 1977-1980.

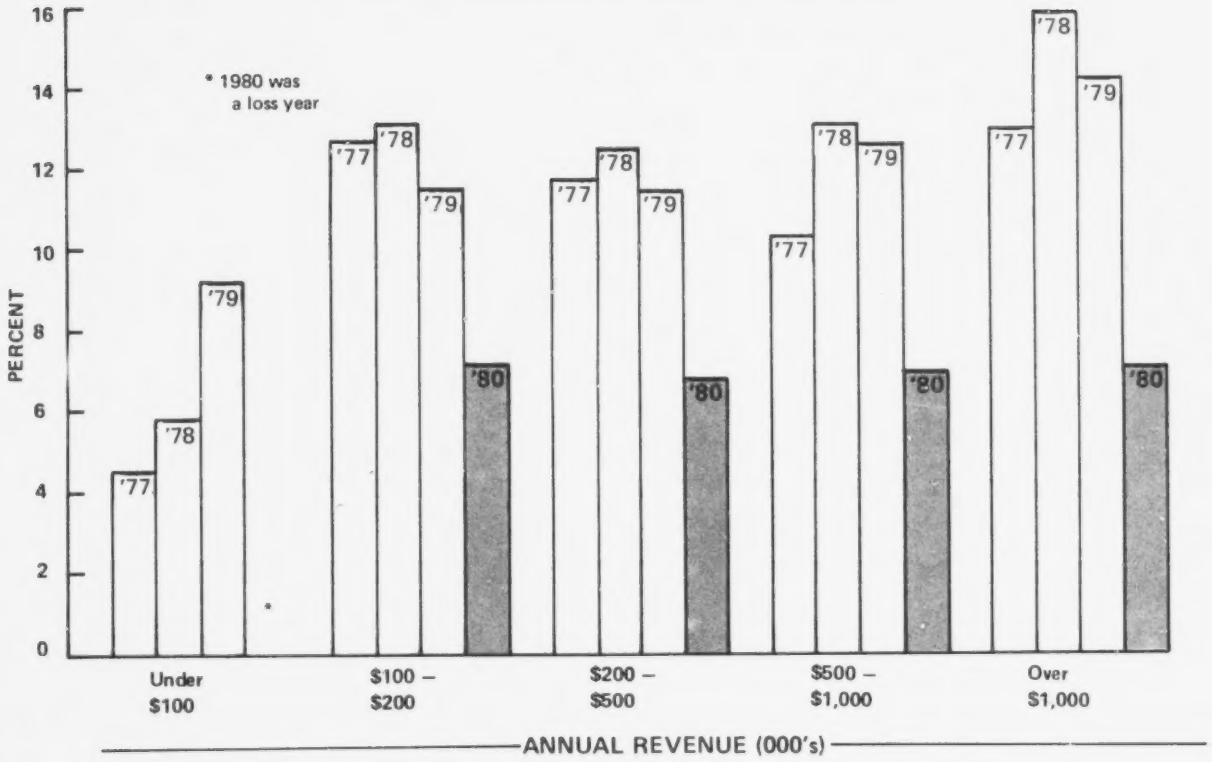
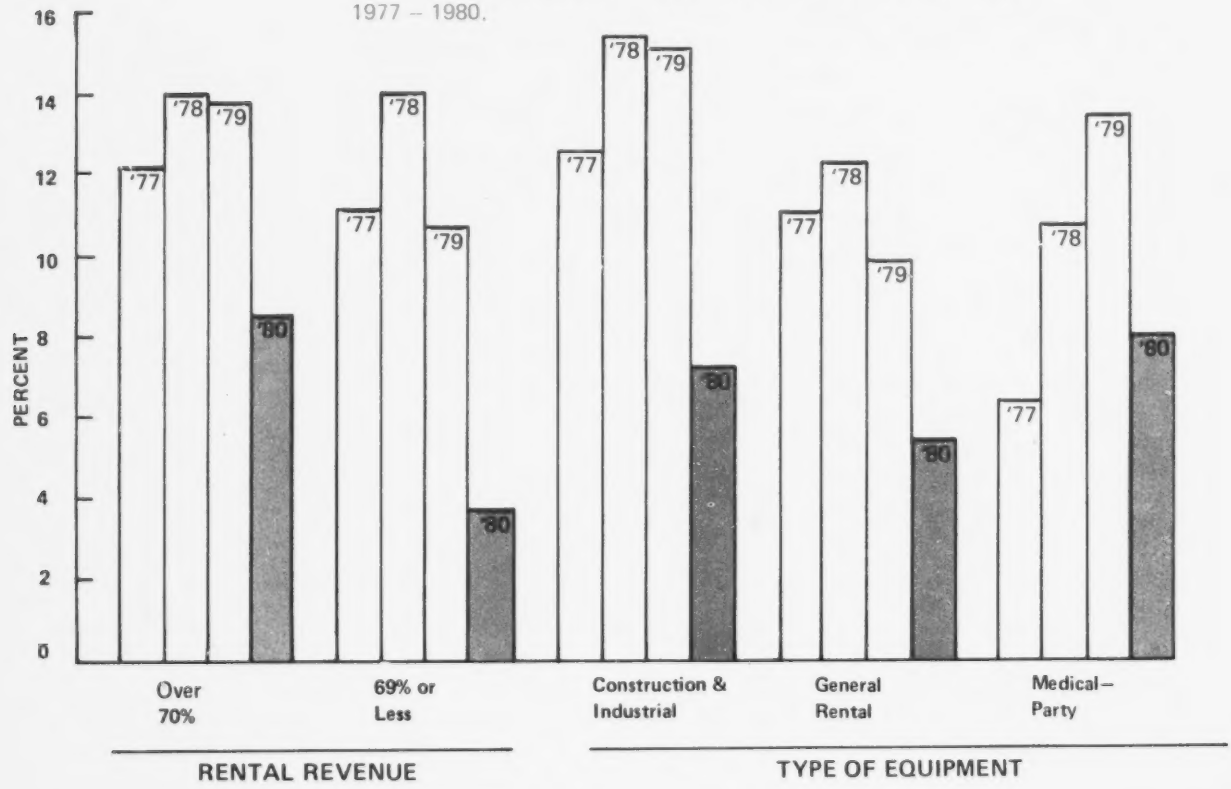


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUES AND TYPE OF EQUIPMENT RENTED, 1977 – 1980.



SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 357 responding firms had revenues of $296.8 million, up 17.2 percent from the $253.2 million reported in 1979.

Key financial ratios for 1980 and three prior years are shown below:

FINANCIAL RATIOS	1980	1979	1978	1977
CURRENT RATIO (current assets ÷ current liabilities)	1.2	1.3	1.4	1.4
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.71	.80	.85	.77
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	19.2%	32.8%	33.7%	27.4%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	7.9%	14.4%	14.9%	12.2%
RETURN ON REVENUES (net income before taxes ÷ revenues)	5.8%	10.4%	10.5%	8.6%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	37 days	35 days	41 days	38 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	16.8%	29.1%	32.5%	28.0%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	2.9 times	2.8 times	3.1 times	3.3 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	1.9 times	2.0 times	1.9 times	1.9 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	32.4%	31.1%	31.9%	32.7%
Employee Benefits	4.3	4.2	4.3	3.9
TOTAL	36.7	35.3	36.2	36.6
Depreciation (All)	15.3	14.4	13.4	13.3
Occupancy Cost	5.5	5.4	5.1	5.5
Equipment Maintenance & Repair	7.7	8.6	8.0	7.7
Interest	5.1	3.5	3.3	3.3
Advertising & Promotion	2.4	2.2	2.2	2.3
Insurance	3.6	3.8	3.9	3.6
Shop Supplies & Expense	4.4	3.2	3.0	3.0
OPERATING PROFIT	6.9	12.9	14.0	12.0

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1977 through 1980. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I–1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income and Expense Categories	1980 Dollars	1980 Percent of Total Income	1979 Dollars	1979 Percent of Total Income	1978 Dollars	1978 Percent of Total Income	1977 Dollars	1977 Percent of Total Income	Insert Your Own Figures Here
Rental Income	190,670,176	64.25	175,746,168	69.42	143,965,208	62.91	116,695,518	59.21	
Merchandise & Equipment Sales	86,357,773	29.10	69,303,145	27.37	76,268,865	33.33	73,160,942	37.12	
Other Operating Income	19,755,422	6.66	8,129,455	3.21	8,602,969	3.76	7,224,154	3.67	
Total Operating Income	296,783,371	100.00	253,178,768	100.00	228,837,042	100.00	197,080,614	100.00	
Less Cost of Sales	70,138,107	23.63	53,859,802	21.27	61,447,750	26.85	56,543,458	28.69	
Gross Operating Profit	226,645,264	76.37	199,318,966	78.73	167,389,292	73.15	140,537,156	71.31	
OPERATING EXPENSES:									
Salaries & Wages	73,535,697	24.78	62,059,700	24.51	53,437,013	23.35	45,914,405	23.30	
Employee Benefits & Taxes	9,755,855	3.29	8,377,813	3.31	7,127,145	3.11	5,542,023	2.81	
Equipment Maintenance & Repair	17,491,102	5.89	17,196,617	6.79	13,357,170	5.84	10,852,399	5.51	
Shop Supplies & Expense	10,082,330	3.40	6,353,889	2.51	5,039,516	2.20	4,273,806	2.17	
Occupancy Cost	12,491,045	4.21	10,655,816	4.21	8,444,878	3.69	7,753,154	3.93	
Bad Debts Expense	2,548,504	0.86	2,200,591	0.87	1,976,599	0.86	1,361,248	0.69	
Office Supplies & Expenses	2,661,767	0.90	2,294,118	0.91	2,229,534	0.97	1,734,000	0.88	
Associations & Travel Expense	1,939,697	0.65	1,683,402	0.66	1,377,989	0.60	1,330,326	0.68	
Legal & Accounting	2,459,948	0.83	1,794,059	0.71	1,558,314	0.68	1,491,521	0.76	
Telephone & Other Communications	2,111,697	0.71	1,819,422	0.72	1,617,481	0.71	1,672,041	0.85	
Automobile & Truck Expense	5,139,754	1.73	4,100,686	1.62	3,695,382	1.61	3,290,769	1.67	
Insurance	8,209,394	2.77	7,651,137	3.02	6,456,842	2.82	5,096,577	2.59	
Advertising & Promotion	5,368,081	1.81	4,299,904	1.70	3,627,624	1.59	3,173,416	1.61	
Other Taxes	3,042,579	1.03	2,687,852	1.06	2,476,723	1.08	2,154,004	1.09	
Interest	11,510,613	3.88	6,945,689	2.74	5,445,276	2.38	4,588,317	2.33	
Franchise Fees	721,277	0.24	494,365	0.20	542,801	0.24	199,450	0.10	
Depreciation, Non-Rental Equipment	4,664,773	1.57	3,613,705	1.43	2,612,517	1.14	2,048,338	1.04	
Other Operating Expenses	7,379,865	2.49	4,252,905	1.68	3,152,561	1.38	4,538,387	2.30	
TOTAL OPERATING EXPENSES	181,111,978	61.02	148,481,670	58.65	124,175,365	54.26	107,014,181	54.30	
Operating Profit Before Rental Depr.	45,533,286	15.34	50,837,296	20.08	43,213,927	18.88	33,522,975	17.01	
Depreciation on Rental Equipment	29,915,017	10.08	25,073,617	9.90	19,847,064	8.67	16,690,170	8.47	
OPERATING PROFIT	15,618,269	5.26	25,763,679	10.18	23,366,863	10.21	16,832,805	8.54	
Other Income and Expense (Net)	1,665,848	0.56	470,753	0.19	668,915	0.29	137,716	0.07	
NET INCOME BEFORE INCOME TAXES	17,284,117	5.82	26,234,432	10.36	24,035,778	10.50	16,970,521	8.61	
NUMBER OF RESPONDENTS	357		359		322		303		

Special Notes for 1980

Proprietors' salary and drawings (average for firms reporting)	$42,217
Percent of total income (54 firms)	6.3%
Yellow Pages advertising (average for firms reporting)	$ 6,734
Percent of total advertising (186 firms)	39.4%

NOTE: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I–2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1980	1979	1978	1977
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	32.45	31.14	31.92	32.67
Employee Benefits & Taxes	4.30	4.20	4.26	3.94
Equipment Maintenance & Repair	7.72	8.63	7.98	7.72
Shop Supplies & Expense	4.45	3.19	3.01	3.04
Occupancy Cost	5.51	5.35	5.05	5.52
Bad Debt Expense	1.12	1.10	1.18	.97
Office Supplies & Expense	1.17	1.15	1.33	1.23
Association & Travel Expense	.86	.84	.82	.95
Legal & Accounting	1.09	.90	.93	1.06
Telephone & Other Communications	.93	.91	.97	1.19
Auto & Truck Expense	2.27	2.06	2.21	2.34
Insurance	3.62	3.84	3.86	3.63
Advertising & Promotion	2.37	2.16	2.17	2.26
Other Taxes	1.34	1.35	1.48	1.53
Interest	5.08	3.48	3.25	3.26
Franchise Fees	.32	.25	.32	.14
Depreciation–Non-Rental Equipment	2.06	1.81	1.56	1.46
Other Operating Expenses	3.26	2.13	1.88	3.23
Depreciation–Rental Equipment	13.20	12.58	11.86	11.88
OPERATING PROFIT	6.89	12.93	13.96	11.98

TABLE 1–3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1980		1979		1978		1977		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:									
Cash	12,351,734	5.62	12,471,831	6.86	9,360,172	5.81	8,960,731	6.45	
Accounts Receivable (Net)	29,700,574	13.52	23,956,997	13.18	25,503,071	15.84	20,492,375	14.75	
Merchandise Inventories	27,124,773	12.35	14,293,857	7.87	17,992,461	11.17	19,072,314	13.73	
Marketable Securities	3,086,170	1.41	2,342,825	1.29	1,760,390	1.09	1,529,494	1.10	
Prepaid Expenses	4,196,216	1.91	4,193,978	2.31	3,637,650	2.26	2,741,441	1.97	
Supplies Inventory	837,006	0.38	481,621	0.27	763,132	0.47	671,681	0.48	
Other Current Assets	2,458,676	1.12	2,638,029	1.45	1,299,159	0.81	1,715,552	1.24	
Total Current Assets	79,755,149	36.31	60,379,138	33.23	60,316,035	37.46	55,183,588	39.73	
Rental Equipment–Net Book Value	102,727,419	46.77	90,047,038	49.56	73,847,834	45.86	60,594,413	43.63	
Other Fixed Assets–Net Book Value	28,905,500	13.16	23,412,614	12.88	21,297,468	13.23	16,408,565	11.81	
Total Fixed Assets	131,632,919	59.93	113,459,652	62.44	95,145,302	59.09	77,002,978	55.44	
Other Assets	8,240,189	3.75	7,869,452	4.33	5,562,297	3.45	6,711,177	4.83	
TOTAL ASSETS	219,628,257	100.00	181,708,242	100.00	161,023,634	100.00	138,897,743	100.00	
CURRENT LIABILITIES:									
Accounts Payable	14,073,297	6.41	11,669,110	6.42	10,726,227	6.66	9,858,189	7.10	
Current Notes Payable	33,944,191	15.46	22,932,594	12.62	20,133,753	12.50	16,717,683	12.04	
Contracts Payable	4,260,246	1.94	2,444,531	1.35	3,797,459	2.36	6,465,274	4.65	
Customers' Rental Deposits	419,380	0.19	409,353	0.23	388,504	0.24	269,330	0.19	
Accrued Expenses	4,005,112	1.82	4,517,338	2.49	4,196,045	2.61	3,554,539	2.56	
Taxes Payable	2,672,648	1.22	3,864,877	2.13	2,844,019	1.77	2,811,738	2.02	
Other Current Liabilities	4,597,040	2.09	2,330,881	1.28	949,725	0.59	1,199,566	0.86	
Total Current Liabilities	63,971,914	29.13	48,168,684	26.51	43,035,732	26.73	40,876,319	29.43	
Long-term Debt	57,896,527	26.36	48,337,992	26.60	42,838,774	26.60	32,565,983	23.45	
Other Liabilities	7,787,595	3.55	5,243,754	2.89	3,789,414	2.35	3,521,166	2.54	
Total Liabilities	129,656,036	59.03	101,750,430	56.00	89,663,920	55.68	76,963,468	55.41	
Net Worth	89,972,221	40.97	79,957,812	44.00	71,359,714	44.32	61,934,275	44.59	
TOTAL LIABILITIES AND NET WORTH	219,628,257	100.00	181,708,242	100.00	161,023,634	100.00	138,897,743	100.00	
NUMBER OF RESPONDENTS	357		359		322		303		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 Through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1977-1980. Figure II-1 below contains return on investment for firms in each size category for 1977 through 1980.

FIGURE II–1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1977 – 1980.

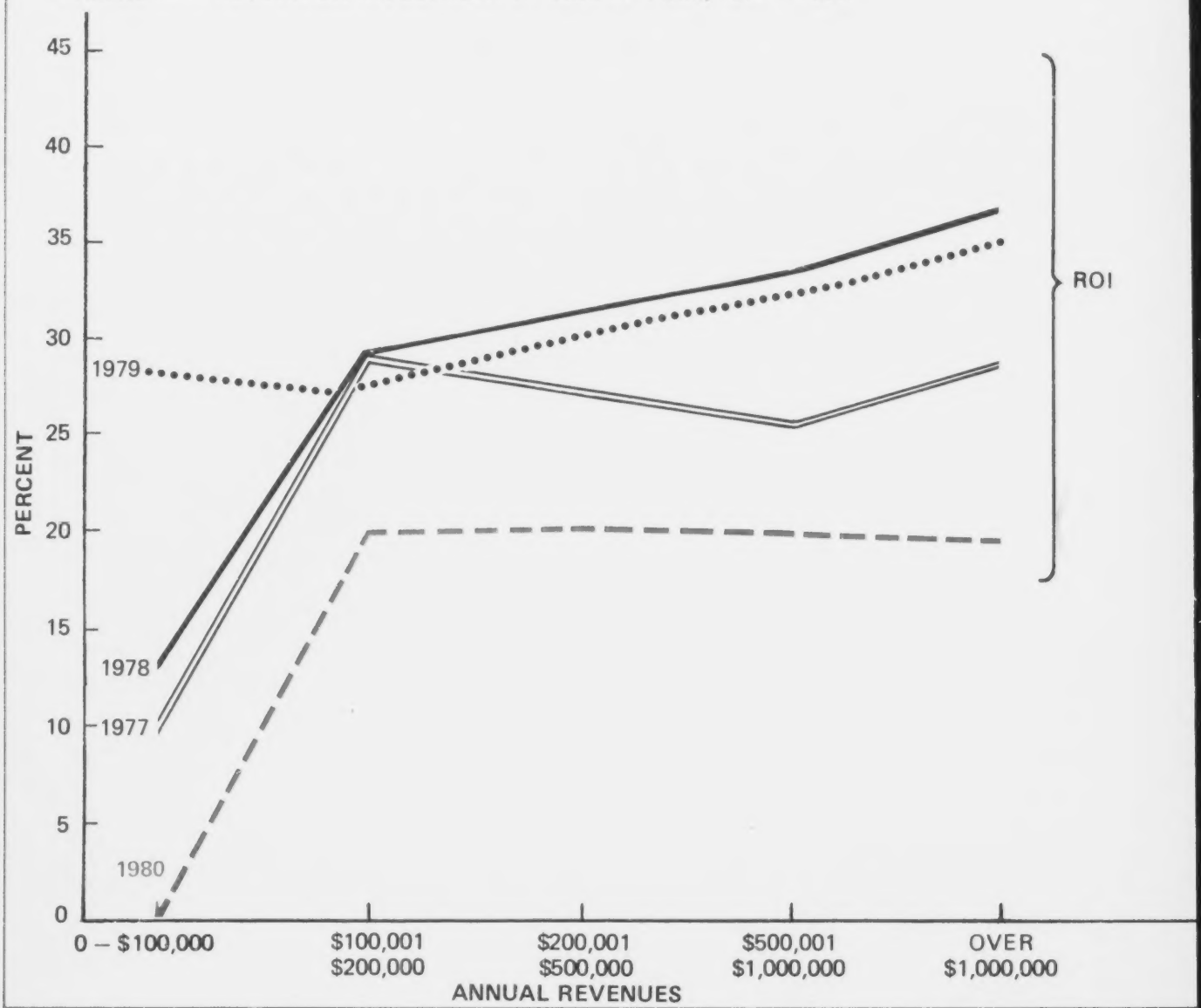


TABLE II-1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001–$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,351,630	85.57	7,296,454	81.38	36,174,902	78.66	31,714,651	74.07	114,132,539	57.81
Merchandise & Equipment Sales	164,317	10.40	1,247,945	13.92	7,682,265	16.70	9,511,218	22.21	67,752,028	34.32
Other Operating Income	63,685	4.03	421,114	4.70	2,132,460	4.64	1,591,425	3.72	15,546,738	7.87
Total Operating Income	1,579,632	100.00	8,965,513	100.00	45,989,627	100.00	42,817,294	100.00	197,431,305	100.00
Less Cost of Sales	139,455	8.83	1,020,016	11.38	5,221,963	11.35	7,355,237	17.18	56,401,436	28.57
Gross Operating Profit	1,440,177	91.17	7,945,497	88.62	40,767,664	88.65	35,462,057	82.82	141,029,869	71.43
OPERATING EXPENSES:										
Salaries & Wages	399,905	25.32	2,284,827	25.48	13,958,117	30.35	12,421,792	29.01	44,471,056	22.52
Employee Benefits & Taxes	38,979	2.47	286,693	3.20	1,606,176	3.49	1,785,781	4.17	6,038,226	3.06
Equipment Maintenance & Repair	105,160	6.66	522,714	5.83	3,001,980	6.53	2,686,204	6.27	11,175,064	5.66
Shop Supplies & Expense	70,919	4.49	336,008	3.75	1,378,154	3.00	1,182,297	2.76	7,114,952	3.60
Occupancy Cost	186,222	11.79	692,055	7.72	2,794,968	6.08	2,100,626	4.91	6,717,174	3.40
Bad Debts Expense	5,704	0.36	32,758	0.37	256,766	0.56	476,729	1.11	1,774,547	0.90
Office Supplies & Expenses	22,710	1.44	98,364	1.10	496,136	1.08	431,019	1.01	1,613,538	0.82
Associations & Travel Expense	13,594	0.86	104,225	1.16	398,239	0.87	301,293	0.70	1,122,346	0.57
Legal & Accounting	15,981	1.01	82,572	0.92	423,278	0.92	454,298	1.06	1,483,819	0.75
Telephone & Other Communications	26,500	1.68	117,231	1.31	404,536	0.88	354,479	0.83	1,208,951	0.61
Automobile & Truck Expense	54,072	3.42	183,705	2.05	774,455	1.68	865,881	2.02	3,261,641	1.65
Insurance	71,920	4.55	385,166	4.30	1,859,043	4.04	1,375,228	3.21	4,518,037	2.29
Advertising & Promotion	63,748	4.04	277,629	3.10	1,346,932	2.93	939,043	2.19	2,740,729	1.39
Other Taxes	14,253	0.90	117,691	1.31	668,080	1.45	486,103	1.14	1,756,452	0.89
Interest	123,684	7.83	399,511	4.46	1,747,435	3.80	1,395,145	3.26	7,844,837	3.97
Franchise Fees	20,400	1.29	85,501	0.95	403,865	0.88	58,893	0.14	152,618	0.08
Depreciation, Non-Rental Equipment	26,035	1.65	178,036	1.99	838,356	1.82	849,987	1.99	2,772,359	1.40
Other Operating Expenses	16,996	1.08	193,134	2.15	868,776	1.89	731,003	1.71	5,569,956	2.82
TOTAL OPERATING EXPENSES	1,276,782	80.83	6,377,820	71.14	33,225,273	72.25	28,895,801	67.49	111,336,302	56.39
Operating Profit Before Rental Depr.	163,395	10.34	1,567,677	17.49	7,542,391	16.40	6,566,256	15.34	29,693,567	15.04
Depreciation on Rental Equipment	214,564	13.58	1,004,397	11.20	4,793,405	10.42	4,105,285	9.59	19,797,366	10.03
OPERATING PROFIT	–51,169	–3.24	563,280	6.28	2,748,986	5.98	2,460,971	5.75	9,896,201	5.01
Other Income and Expense (Net)	8,328	0.53	4,492	0.05	192,407	0.42	465,384	1.09	995,237	0.50
NET INCOME BEFORE INCOME TAXES	–42,841	–2.71	567,772	6.33	2,941,393	6.40	2,926,355	6.83	10,891,438	5.52
NUMBER OF RESPONDENTS	22		58		141		62		74	

TABLE II-2. BALANCE SHEETS BY ANNUAL REVENUE, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001–$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	55,488	3.27	383,081	5.07	2,196,711	6.26	2,129,971	7.10	7,586,483	5.22
Accounts Receivable (Net)	80,239	4.73	433,453	5.74	2,926,330	8.34	3,570,303	11.90	22,690,249	15.62
Merchandise Inventories	52,985	3.13	467,799	6.20	2,411,682	6.87	2,444,645	8.14	21,747,662	14.97
Marketable Securities	11,478	0.68	90,621	1.20	528,405	1.51	257,096	0.86	2,198,570	1.51
Prepaid Expenses	4,473	0.26	106,235	1.41	624,140	1.78	458,011	1.53	3,003,357	2.07
Supplies Inventory	14,095	0.83	34,858	0.46	205,790	0.59	112,993	0.38	469,270	0.32
Other Current Assets	14,372	0.85	96,063	1.27	664,995	1.89	317,125	1.06	1,366,121	0.94
Total Current Assets	233,130	13.76	1,612,110	21.35	9,558,053	27.24	9,290,144	30.95	59,061,712	40.65
Rental Equipment–Net Book Value	1,125,888	66.43	4,244,252	56.22	17,453,428	49.73	14,286,408	47.60	65,817,443	45.17
Other Fixed Assets–Net Book Value	242,036	14.28	1,463,589	19.39	6,589,907	18.78	5,010,471	16.69	15,599,497	10.74
Total Fixed Assets	1,367,924	80.72	5,707,841	75.61	24,043,335	68.51	19,296,879	64.29	81,216,940	55.91
Other Assets	93,673	5.53	229,205	3.04	1,492,199	4.25	1,427,964	4.76	4,997,148	3.44
TOTAL ASSETS	1,694,727	100.00	7,549,156	100.00	35,093,587	100.00	30,014,987	100.00	145,275,800	100.00
CURRENT LIABILITIES:										
Accounts Payable	87,668	5.17	235,646	3.12	1,662,057	4.74	1,721,293	5.73	10,366,633	7.14
Current Notes Payable	230,390	13.59	1,089,850	14.44	3,935,376	11.21	3,220,363	10.73	25,468,212	17.53
Contracts Payable	3,952	0.23	82,930	1.10	511,937	1.46	498,706	1.66	3,162,721	2.18
Customers' Rental Deposits	1,854	0.11	10,946	0.14	107,824	0.31	86,187	0.29	212,569	0.15
Accrued Expenses	6,488	0.38	32,714	0.43	495,130	1.41	569,960	1.90	2,900,820	2.00
Taxes Payable	24,362	1.44	72,430	0.96	484,241	1.38	391,853	1.31	1,699,762	1.17
Other Current Liabilities	3,411	0.20	23,345	0.31	191,708	0.55	72,747	0.24	4,305,831	2.96
Total Current Liabilities	358,125	21.13	1,547,861	20.50	7,388,271	21.05	6,561,109	21.86	48,116,548	33.12
Long-Term Debt	834,921	49.27	2,679,819	35.50	10,321,779	29.41	6,617,574	22.05	37,442,434	25.77
Other Liabilities	191,936	11.33	380,138	5.04	2,271,034	6.47	1,726,677	5.75	3,217,810	2.21
Total Liabilities	1,384,982	81.72	4,607,818	61.04	19,981,084	56.94	14,905,360	49.66	88,776,792	61.11
Net Worth	309,745	18.28	2,941,338	38.96	15,112,503	43.06	15,109,627	50.34	56,499,008	38.89
TOTAL LIABILITIES AND NET WORTH	1,694,727	100.00	7,549,156	100.00	35,093,587	100.00	30,014,987	100.00	145,275,800	100.00
NUMBER OF RESPONDENTS	22		58		141		62		74	

TABLE II–3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1977–1980

Financial Ratio	$000–$100,000				$100,001–$200,000				$200,001–$500,000				$500,001–$1,000,000				Over 1 Million			
	1980	1979	1978	1977	1980	1979	1978	1977	1980	1979	1978	1977	1980	1979	1978	1977	1980	1979	1978	1977
Current Ratio	.65	.65	1.82	.70	1.04	.92	1.25	1.05	1.29	1.38	1.48	1.38	1.42	1.50	1.37	1.52	1.23	1.21	1.40	1.34
Acid Test Ratio	.41	.42	1.36	.35	.59	.58	.67	.72	.76	.84	1.00	.85	.91	1.01	.94	.91	.67	.78	.79	.72
Return on Investment	Loss	28.6%	12.7%	9.0%	19.3%	27.2%	29.9%	29.5%	19.5%	29.9%	31.2%	27.3%	19.4%	31.1%	31.6%	25.2%	19.3%	35.1%	36.7%	28.6%
Return on Total Assets	Loss	9.9%	5.0%	3.7%	7.5%	10.6%	13.1%	13.8%	8.4%	14.7%	15.4%	14.0%	9.7%	15.9%	15.6%	11.9%	7.5%	14.4%	14.9%	11.8%
Return on Revenues	Loss	10.3%	6.2%	4.2%	6.3%	10.3%	11.4%	11.3%	6.4%	10.3%	11.2%	10.4%	6.8%	10.7%	11.5%	8.1%	5.5%	10.3%	9.9%	8.1%
Average Collection Period (Days)	19	18	34	20	18	23	14	15	23	20	22	27	30	29	36	34	42	42	50	45
Profits on Rental Investment	Loss	15.3%	9.3%	6.4%	13.4%	22.3%	25.2%	24.9%	17.9%	29.6%	30.6%	28.9%	20.5%	32.8%	30.6%	24.8%	16.6%	28.9%	36.0%	30.4%
Total Revenues to Rental Investments	1.4	1.5	1.5	1.5	2.1	2.2	2.2	2.2	2.6	2.9	2.7	2.8	3.0	3.1	2.7	3.1	3.0	2.8	3.6	3.8
Rental Revenues to Rental Investments	1.2	1.3	1.3	1.2	1.7	1.8	1.8	1.8	2.1	2.2	2.2	2.1	2.2	2.3	2.0	2.2	1.7	1.8	1.8	1.8
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	27.8	22.6	25.8	27.0	28.8	29.1	29.7	30.4	34.2	32.9	32.9	33.4	35.0	33.3	32.9	33.0	31.5	30.0	31.3	32.7
Employee Benefits	2.7	2.3	2.4	2.3	3.6	3.4	3.2	3.3	3.9	3.9	3.7	3.6	5.0	4.1	4.1	4.0	4.3	4.4	4.7	4.2
Total	30.5	24.9	28.2	29.3	32.4	32.5	32.9	33.7	38.1	36.8	36.6	37.0	40.0	37.4	37.0	37.0	35.8	34.4	36.0	36.9
Depreciation (All)	16.7	15.5	16.3	15.4	14.9	13.9	12.6	14.5	13.8	12.6	13.0	13.0	14.0	13.3	13.2	13.9	16.0	15.4	13.8	13.0
Occupancy Cost	12.9	9.7	10.6	9.8	8.7	7.8	8.7	7.6	6.9	6.1	5.7	6.6	5.9	4.8	4.9	5.4	4.8	5.0	4.5	4.7
Equipment Maintenance & Repair	7.3	7.3	7.9	10.0	6.6	7.2	6.8	7.3	7.4	8.1	8.0	8.3	7.8	8.6	9.1	9.2	7.9	9.0	7.4	6.9
Interest	8.6	7.5	6.0	5.6	5.0	4.4	4.1	3.4	4.3	3.0	2.9	2.9	3.9	2.7	2.8	2.7	5.6	3.8	3.5	3.6
Advertising & Promotion	4.4	4.0	4.7	3.9	3.5	3.4	4.0	2.9	3.3	2.6	2.8	2.8	2.6	2.4	2.2	2.4	1.9	1.8	1.7	1.8
Insurance	5.0	4.6	4.2	4.9	4.8	4.2	4.1	4.1	4.6	4.3	4.3	3.8	3.9	4.1	4.0	3.8	3.2	3.5	3.5	3.4
Shop Supplies & Expense	4.9	5.0	2.5	2.7	4.2	4.1	2.9	2.8	3.4	3.6	2.8	2.8	3.3	3.1	3.2	3.0	5.0	2.9	3.0	3.2
OPERATING PROFIT	Loss	9.4	5.8	4.4	7.1	11.4	12.9	12.6	6.7	11.3	12.3	11.6	6.9	12.6	12.9	10.4	7.0	13.8	15.4	12.9
NUMBER OF RESPONDENTS	22	26	27	30	58	73	54	68	141	131	116	102	62	68	75	55	74	61	50	48

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1980	1979	1978	1977	1980	1979	1978	1977
Current Ratio	1.2	1.2	1.3	1.2	1.3	1.3	1.5	1.4
Acid Test Ratio	.88	.87	.95	.91	.57	.71	.76	.66
Return on Investment	21.3%	34.4%	33.4%	28.3%	14.4%	28.7%	34.2%	26.1%
Return on Total Assets	10.6%	16.4%	16.9%	15.0%	4.2%	10.6%	12.4%	9.5%
Return on Revenues	8.3%	12.4%	12.9%	11.3%	2.9%	7.0%	7.8%	6.3%
Average Collection Period (Days)	29	30	31	31	46	42	51	44
Profits on Rental Investment	19.7%	31.1%	32.2%	28.8%	11.4%	24.5%	33.2%	26.9%
Total Revenues to Rental Investment (Times)	2.4	2.5	2.5	2.5	3.9	3.5	4.2	4.3
Rental Revenues to Rental Investment (Times)	2.0	2.1	2.1	2.2	1.5	1.5	1.6	1.5
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	32.1	31.1	31.2	31.8	33.1	31.3	33.2	34.0
Employee Benefits	4.2	4.0	3.9	3.7	4.4	4.6	4.8	4.2
Total	36.3	35.1	35.1	35.5	37.5	35.9	38.0	38.2
Depreciation (All)	15.3	14.1	13.6	13.6	15.2	15.1	13.1	12.9
Occupancy Cost	6.1	5.4	5.5	6.1	4.4	5.2	4.1	4.6
Equipment Maintenance & Repair	8.4	9.1	8.7	8.8	6.5	7.3	6.6	6.1
Interest	3.8	2.9	2.7	2.6	7.5	5.0	4.2	4.2
Advertising & Promotion	2.4	2.1	2.2	2.3	2.3	2.4	2.1	2.2
Insurance	4.1	4.0	4.2	4.2	2.7	3.4	3.1	2.8
Shop Supplies & Expense	4.3	3.4	3.3	3.1	4.6	2.7	2.5	2.9
OPERATING PROFIT	8.6	13.8	13.9	12.4	3.7	10.6	14.0	11.4
NUMBER OF RESPONDENTS	274	283	247	217	83	76	75	86

TABLE III–1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1980

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	137,461,281	85.82	53,208,895	38.95
Merchandise & Equipment Sales	16,759,010	10.46	69,598,763	50.94
Other Operating Income	5,945,593	3.71	13,809,829	10.11
Total Operating Income	160,165,884	100.00	136,617,487	100.00
Less Cost of Sales	14,243,427	8.89	55,894,680	40.91
Gross Operating Profit	145,922,457	91.11	80,722,807	59.09
OPERATING EXPENSES:				
Salaries & Wages	46,799,313	29.22	26,736,384	19.57
Employee Benefits & Taxes	6,170,971	3.85	3,584,884	2.62
Equipment Maintenance & Repair	12,281,770	7.67	5,209,332	3.81
Shop Supplies & Expense	6,340,927	3.96	3,741,403	2.74
Occupancy Cost	8,924,913	5.57	3,566,132	2.61
Bad Debts Expense	1,359,032	0.85	1,187,472	0.87
Office Supplies & Expenses	1,739,649	1.09	922,118	0.67
Associations & Travel Expense	1,063,683	0.66	876,014	0.64
Legal & Accounting	1,619,790	1.01	840,158	0.61
Telephone & Other Communications	1,156,366	0.72	955,331	0.70
Automobile & Truck Expense	2,884,200	1.80	2,255,554	1.65
Insurance	6,049,984	3.78	2,159,410	1.58
Advertising & Promotion	3,484,813	2.18	1,883,268	1.38
Other Taxes	2,037,132	1.27	1,005,447	0.74
Interest	5,481,537	3.42	6,029,076	4.41
Franchise Fees	671,230	0.42	50,047	0.04
Depreciation, Non-Rental Equipment	2,558,342	1.60	2,106,431	1.54
Other Operating Expenses	2,930,362	1.83	4,449,503	3.26
TOTAL OPERATING EXPENSES	113,554,014	70.90	67,557,964	49.45
Operating Profit Before Rental Depr.	32,368,443	20.21	13,164,843	9.64
Depreciation on Rental Equipment	19,775,967	12.35	10,139,050	7.42
OPERATING PROFIT	12,592,476	7.86	3,025,793	2.21
Other Income & Expense (Net)	682,211	0.43	983,637	0.72
NET INCOME BEFORE INCOME TAXES	13,274,687	8.29	4,009,430	2.93
NUMBER OF RESPONDENTS	274		83	

TABLE III–2. BALANCE SHEETS BY SOURCE OF REVENUE, 1980

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	9,893,253	7.91	2,458,481	2.60
Accounts Receivable (Net)	12,587,031	10.06	17,113,543	18.10
Merchandise Inventories	4,587,166	3.67	22,537,607	23.83
Marketable Securities	1,563,899	1.25	1,522,271	1.61
Prepaid Expenses	2,494,610	1.99	1,701,606	1.80
Supplies Inventory	541,365	0.43	295,641	0.31
Other Current Assets	1,758,643	1.41	700,033	0.74
Total Current Assets	33,425,967	26.73	46,329,182	48.99
Rental Equipment–Net Book Value	67,538,099	54.00	35,189,320	37.21
Other Fixed Assets–Net Book Value	17,620,255	14.09	11,285,245	11.93
Total Fixed Assets	85,158,354	68.09	46,474,565	49.15
Other Assets	6,478,895	5.18	1,761,294	1.86
TOTAL ASSETS	125,063,216	100.00	94,565,041	100.00
CURRENT LIABILITIES:				
Accounts Payable	5,552,239	4.44	8,521,058	9.01
Current Notes Payable	15,056,556	12.04	18,887,635	19.97
Contracts Payable	1,359,524	1.09	2,900,722	3.07
Customers' Rental Deposits	355,194	0.28	64,186	0.07
Accrued Expenses	2,440,033	1.95	1,565,079	1.66
Taxes Payable	1,741,400	1.39	931,248	0.98
Other Current Liabilities	738,682	0.59	3,858,358	4.08
Total Current Liabilities	27,243,628	21.78	36,728,286	38.84
Long-Term Debt	30,765,455	24.60	27,131,072	28.69
Other Liabilities	4,843,704	3.87	2,943,891	3.11
Total Liabilities	62,852,787	50.26	66,803,249	70.64
Net Worth	62,210,429	49.74	27,761,792	29.36
TOTAL LIABILITIES & NET WORTH	125,063,216	100.00	94,565,041	100.00
NUMBER OF RESPONDENTS	274		83	

TABLE III-3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001–$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,334,086	87.96	6,681,118	85.27	32,853,757	82.82	25,372,590	84.90	71,219,730	87.64
Merchandise & Equipment Sales	155,974	10.28	893,984	11.41	5,023,858	12.67	3,589,030	12.01	7,096,164	8.73
Other Operating Income	26,673	1.76	260,532	3.32	1,788,877	4.51	923,195	3.09	2,946,316	3.63
Total Operating Income	1,516,733	100.00	7,835,634	100.00	39,666,492	100.00	29,884,815	100.00	81,262,210	100.00
Less Cost of Sales	132,590	8.74	711,053	9.07	3,611,995	9.11	3,013,587	10.08	6,774,202	8.34
Gross Operating Profit	1,384,143	91.26	7,124,581	90.93	36,054,497	90.89	26,871,228	89.92	74,488,008	91.66
OPERATING EXPENSES:										
Salaries & Wages	390,143	25.72	2,096,624	26.76	12,482,954	31.47	9,550,174	31.96	22,279,418	27.42
Employee Benefits & Taxes	38,076	2.51	266,374	3.40	1,411,812	3.56	1,374,789	4.60	3,080,120	3.79
Equipment Maintenance & Repair	104,325	6.88	471,585	6.02	2,665,611	6.72	2,244,911	7.51	6,795,338	8.36
Shop Supplies & Expense	51,095	3.37	276,808	3.53	1,188,014	3.00	882,848	2.95	3,942,162	4.85
Occupancy Cost	179,405	11.83	641,947	8.19	2,432,197	6.13	1,680,221	5.62	3,991,143	4.91
Bad Debts Expense	5,345	0.35	15,370	0.20	246,046	0.62	330,472	1.11	761,799	0.94
Office Supplies & Expenses	21,845	1.44	89,582	1.14	438,863	1.11	328,605	1.10	860,754	1.06
Associations & Travel Expense	9,058	0.60	94,223	1.20	341,717	0.86	212,538	0.71	406,147	0.50
Legal & Accounting	15,981	1.05	72,982	0.93	369,228	0.93	327,550	1.10	834,049	1.03
Telephone & Other Communications	25,465	1.68	98,782	1.26	345,343	0.87	271,741	0.91	415,035	0.51
Automobile & Truck Expense	53,218	3.51	161,163	2.06	686,834	1.73	595,131	1.99	1,387,854	1.71
Insurance	66,308	4.37	355,766	4.54	1,659,450	4.18	1,127,333	3.77	2,841,127	3.50
Advertising & Promotion	61,487	4.05	260,514	3.32	1,185,820	2.99	676,970	2.27	1,300,022	1.60
Other Taxes	14,033	0.93	98,706	1.26	549,072	1.38	362,212	1.21	1,013,109	1.25
Interest	119,588	7.88	356,684	4.55	1,538,008	3.88	998,232	3.34	2,469,025	3.04
Franchise Fees	20,400	1.34	85,501	1.09	393,290	0.99	58,407	0.20	113,632	0.14
Depreciation, Non-Rental Equipment	25,443	1.68	157,680	2.01	720,241	1.82	633,782	2.12	1,021,196	1.26
Other Operating Expenses	16,871	1.11	170,604	2.18	772,095	1.95	459,922	1.54	1,510,870	1.86
TOTAL OPERATING EXPENSES	1,218,086	80.31	5,770,895	73.65	29,426,395	74.18	22,115,838	74.00	55,022,800	67.71
Operating Profit Before Rental Depr.	166,057	10.95	1,353,686	17.28	6,628,102	16.71	4,755,390	15.91	19,465,208	23.95
Depreciation on Rental Equipment	207,933	13.71	883,598	11.28	4,271,682	10.77	3,118,985	10.44	11,293,769	13.90
Operating Profit	–41,876	–2.76	470,088	6.00	2,356,420	5.94	1,636,405	5.48	8,171,439	10.06
Other Income & Expense (Net)	8,328	0.55	31,755	0.41	194,681	0.49	388,088	1.30	59,359	0.07
NET INCOME BEFORE INCOME TAXES	–33,548	–2.21	501,843	6.40	2,551,101	6.43	2,024,493	6.77	8,230,798	10.13
NUMBER OF RESPONDENTS	21		50		121		44		38	

TABLE III-4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001 -$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	54,019	3.36	336,367	5.58	1,891,353	6.27	1,723,759	8.02	5,887,755	8.95
Accounts Receivable (Net)	63,560	3.95	318,610	5.28	2,375,815	7.88	2,267,677	10.55	7,561,369	11.50
Merchandise Inventories	50,218	3.12	323,186	5.36	1,654,258	5.48	895,183	4.16	1,664,321	2.53
Marketable Securities	11,478	0.71	75,621	1.25	497,377	1.65	235,617	1.10	743,806	1.13
Prepaid Expenses	4,473	0.28	100,728	1.67	443,727	1.47	362,538	1.69	1,583,144	2.41
Supplies Inventory	14,095	0.88	29,858	0.50	202,806	0.67	60,031	0.28	234,575	0.36
Other Current Assets	13,552	0.84	30,063	0.50	621,617	2.06	211,268	0.98	882,143	1.34
Total Current Assets	211,395	13.14	1,214,433	20.14	7,686,953	25.49	5,756,073	26.77	18,557,113	28.22
Rental Equipment–Net Book Value	1,068,437	66.39	3,523,533	58.43	15,670,322	51.95	11,151,345	51.87	36,124,462	54.93
Other Fixed Assets–Net Book Value	236,875	14.72	1,091,553	18.10	5,522,539	18.31	3,538,854	16.46	7,230,434	10.99
Total Fixed Assets	1,305,312	81.11	4,615,086	76.53	21,192,861	70.26	14,690,199	68.33	43,354,896	65.93
Other Assets	92,654	5.76	200,558	3.33	1,281,869	4.25	1,052,287	4.89	3,851,527	5.86
TOTAL ASSETS	1,609,361	100.00	6,030,077	100.00	30,161,683	100.00	21,498,559	100.00	65,763,536	100.00
CURRENT LIABILITIES:										
Accounts Payable	83,544	5.19	180,364	2.99	1,369,986	4.54	1,094,239	5.09	2,824,106	4.29
Current Notes Payable	218,090	13.55	675,708	11.21	3,373,119	11.18	2,218,035	10.32	8,571,604	13.03
Contracts Payable	3,952	0.25	76,074	1.26	408,537	1.35	281,666	1.31	589,295	0.90
Customers' Rental Deposits	1,854	0.12	10,004	0.17	79,343	0.26	73,608	0.34	190,385	0.29
Accrued Expenses	6,488	0.40	29,514	0.49	416,790	1.38	379,905	1.77	1,607,336	2.44
Taxes Payable	21,881	1.36	64,673	1.07	395,748	1.31	284,977	1.33	974,121	1.48
Other Current Liabilities	3,411	0.21	22,541	0.37	187,658	0.62	31,807	0.15	493,265	0.75
Total Current Liabilities	339,220	21.08	1,058,878	17.56	6,231,181	20.66	4,364,237	20.30	15,250,112	23.19
Long-Term Debt	759,667	47.20	2,479,363	41.12	9,177,201	30.43	4,614,147	21.46	13,735,077	20.89
Other Liabilities	191,936	11.93	172,115	2.85	1,927,958	6.39	1,138,167	5.29	1,413,528	2.15
Total Liabilities	1,290,823	80.21	3,710,356	61.53	17,336,340	57.48	10,116,551	47.06	30,398,717	46.22
Net Worth	318,538	19.79	2,319,721	38.47	12,825,343	42.52	11,382,008	52.94	35,364,819	53.78
TOTAL LIABILITIES AND NET WORTH	1,609,361	100.00	6,030,077	100.00	30,161,683	100.00	21,498,559	100.00	65,763,536	100.00
NUMBER OF RESPONDENTS	21		50		121		44		38	

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001–$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	17,544	27.89	615,336	54.46	3,321,145	52.52	6,342,061	49.04	42,912,809	36.94
Merchandise & Equipment Sales	8,343	13.26	353,961	31.33	2,658,407	42.04	5,922,188	45.79	60,655,864	52.21
Other Operating Income	37,012	58.84	160,582	14.21	343,583	5.43	668,230	5.17	12,600,422	10.85
Total Operating Income	62,899	100.00	1,129,879	100.00	6,323,135	100.00	12,932,479	100.00	116,169,095	100.00
Less Cost of Sales	6,865	10.91	308,963	27.34	1,609,968	25.46	4,341,650	33.57	49,627,234	42.72
Gross Operating Profit	56,034	89.09	820,916	72.66	4,713,167	74.54	8,590,829	66.43	66,541,861	57.28
OPERATING EXPENSES:										
Salaries & Wages	9,762	15.52	188,203	16.66	1,475,163	23.33	2,871,618	22.20	22,191,638	19.10
Employee Benefits & Taxes	903	1.44	20,319	1.80	194,564	3.08	410,992	3.18	2,958,106	2.55
Equipment Maintenance & Repair	835	1.33	51,129	4.53	336,349	5.32	441,293	3.41	4,379,726	3.77
Shop Supplies & Expense	19,824	31.52	59,200	5.24	190,140	3.01	299,449	2.32	3,172,790	2.73
Occupancy Cost	6,817	10.84	50,108	4.43	362,771	5.74	420,405	3.25	2,726,031	2.35
Bad Debts Expense	359	0.57	17,388	1.54	10,720	0.17	146,257	1.13	1,012,748	0.87
Office Supplies & Expenses	865	1.38	8,782	0.78	57,273	0.91	102,414	0.79	752,784	0.65
Associations & Travel Expense	4,536	7.21	10,002	0.89	56,522	0.89	88,755	0.69	716,199	0.62
Legal & Accounting	0	0.00	9,590	0.85	54,050	0.85	126,748	0.98	649,770	0.56
Telephone & Other Communications	1,035	1.65	18,449	1.63	59,193	0.94	82,738	0.64	793,916	0.68
Automobile & Truck Expense	854	1.36	22,542	2.00	87,621	1.39	270,750	2.09	1,873,787	1.61
Insurance	5,612	8.92	29,400	2.60	199,593	3.16	247,895	1.92	1,676,910	1.44
Advertising & Promotion	2,261	3.59	17,115	1.51	161,112	2.55	262,073	2.03	1,440,707	1.24
Other Taxes	220	0.35	18,985	1.68	119,008	1.88	123,891	0.96	743,343	0.64
Interest	4,096	6.51	42,827	3.79	209,428	3.31	396,913	3.07	5,375,812	4.63
Franchise Fees	0	0.00	0	0.00	10,575	0.17	486	0.00	38,986	0.03
Depreciation, Non-Rental Equipment	592	0.94	20,356	1.80	118,115	1.87	216,205	1.67	1,751,163	1.51
Other Operating Expenses	125	0.20	22,530	1.99	96,681	1.53	271,081	2.10	4,059,086	3.49
TOTAL OPERATING EXPENSES	58,696	93.32	606,925	53.72	3,798,878	60.08	6,779,963	52.43	56,313,502	48.48
Operating Profit Before Rental Depr.	–2,662	–4.23	213,991	18.94	914,289	14.46	1,810,866	14.00	10,228,359	8.80
Depreciation on Rental Equipment	6,631	10.54	120,799	10.69	521,723	8.25	986,300	7.63	8,503,597	7.32
OPERATING PROFIT	–9,293	–14.77	93,192	8.25	392,566	6.21	824,566	6.38	1,724,762	1.48
Other Income & Expense (Net)	0	0.00	–27,263	–2.41	–2,274	–0.04	77,296	0.60	935,878	0.81
NET INCOME BEFORE INCOME TAXES	–9,293	–14.77	65,929	5.84	390,292	6.17	901,862	6.97	2,660,640	2.29
NUMBER OF RESPONDENTS	1		8		20		18		36	

TABLE III-6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1980

	$000–$100,000		$100,001–$200,000		$200,001–$500,000		$500,001-$1,000,000		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,469	1.72	46,714	3.08	305,358	6.19	406,212	4.77	1,698,728	2.14
Accounts Receivable (Net)	16,679	19.54	114,843	7.56	550,515	11.16	1,302,626	15.30	15,128,880	19.03
Merchandise Inventories	2,767	3.24	144,613	9.52	757,424	15.36	1,549,462	18.19	20,083,341	25.26
Marketable Securities	0	0.00	15,000	0.99	31,028	0.63	21,479	0.25	1,454,764	1.83
Prepaid Expenses	0	0.00	5,507	0.36	180,413	3.66	95,473	1.12	1,420,213	1.79
Supplies Inventory	0	0.00	5,000	0.33	2,984	0.06	52,962	0.62	234,695	0.30
Other Current Assets	820	0.96	66,000	4.34	43,378	0.88	105,857	1.24	483,978	0.61
Total Current Assets	21,735	25.46	397,677	26.18	1,871,100	37.94	3,534,071	41.50	40,504,599	50.94
Rental Equipment–Net Book Value	57,451	67.30	720,719	47.44	1,783,106	36.15	3,135,063	36.81	29,492,981	37.09
Other Fixed Assets–Net Book Value	5,161	6.05	372,036	24.49	1,067,368	21.64	1,471,617	17.28	8,369,063	10.53
Total Fixed Assets	62,612	73.35	1,092,755	71.94	2,850,474	57.80	4,606,680	54.09	37,862,044	47.62
Other Assets	1,019	1.19	28,647	1.89	210,330	4.26	375,677	4.41	1,145,621	1.44
TOTAL ASSETS	85,366	100.00	1,519,079	100.00	4,931,904	100.00	8,516,428	100.00	79,512,264	100.00
CURRENT LIABILITIES:										
Accounts Payable	4,124	4.83	55,282	3.64	292,071	5.92	627,054	7.36	7,542,527	9.49
Current Notes Payable	12,300	14.41	414,142	27.26	562,257	11.40	1,002,328	11.77	16,896,608	21.25
Contracts Payable	0	0.00	6,856	0.45	103,400	2.10	217,040	2.55	2,573,426	3.24
Customers' Rental Deposits	0	0.00	942	0.06	28,481	0.58	12,579	0.15	22,184	0.03
Accrued Expenses	0	0.00	3,200	0.21	78,340	1.59	190,055	2.23	1,293,484	1.63
Taxes Payable	2,481	2.91	7,757	0.51	88,493	1.79	106,876	1.25	725,641	0.91
Other Current Liabilities	0	0.00	804	0.05	4,048	0.08	40,940	0.48	3,812,566	4.79
Total Current Liabilities	18,905	22.15	488,983	32.19	1,157,090	23.46	2,196,872	25.80	32,866,436	41.34
Long-Term Debt	75,254	88.15	200,456	13.20	1,144,578	23.21	2,003,427	23.52	23,707,357	29.82
Other Liabilities	0	0.00	208,023	13.69	343,076	6.96	588,510	6.91	1,804,282	2.27
Total Liabilities	94,159	110.30	897,462	59.08	2,644,744	53.63	4,788,809	56.23	58,378,075	73.42
Net Worth	–8,793	–10.30	621,617	40.92	2,287,160	46.37	3,727,619	43.77	21,134,189	26.58
TOTAL LIABILITIES AND NET WORTH	85,366	100.00	1,519,079	100.00	4,931,904	100.00	8,516,428	100.00	79,512,264	100.00
NUMBER OF RESPONDENTS	1		8		20		18		36	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial – Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General Rental – Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-Party, Audio-Visual, and Others – Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sickroom equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

The 175 respondents in this category had $225.9 million in revenues, or an average of $1.3 million per firm. The average for 1979 was just over one million.

Average net income before taxes was $76,600 per respondent in 1980, down from $114,700 in 1979.

Construction and industrial firms experienced a drastic reduction in return on investment from the record year of 1979, dropping from 34.9 percent to 19.6 percent. Return on revenues likewise declined from 11.2 percent in 1979 to 5.9 percent this year.

Expenses, as a percent of gross operating profit, showed the greatest increases in total salaries and benefits and interest, each up 1.8 percent over the previous year. Shop supplies and expense increased 1.6 percent.

Total net worth of these firms declined to 39.9 percent of total assets compared to 43.9 percent in 1979. The average net worth of the respondents was $391,000.

General Rental

The average general rental firm had net income before taxes of $17,800 in 1980 less than one-half of the $36,400 average in 1979. These 150 firms experienced a decline in return on investment from 27.3 percent in 1979 to 15.2 percent in 1980. In 1978, this return was 35.9 percent. The return on revenues dropped to five percent in 1980 from 8.4 percent in 1979.

Total salaries and benefits increased 1.5 percent and depreciation increased 1.7 percent for the largest increases in expenses as a percent of gross operating profit in 1980 compared to 1979. Interest expense was up one percent.

The average net worth of the general rental firms was $116,700 in 1980. This compares with $133,400 in 1979. The current ratio was only slightly lower than the previous year, 1.24 in 1980 versus 1.28 a year earlier.

Medical-Party and Audio-Visual

The 32 respondent firms in 1980 averaged net income before taxes of $38,000 compared to $42,100 in 1979, but return on investment declined from 39.6 percent in 1979 to 29.8 percent in 1980. Return on revenues likewise declined to seven percent in 1980 versus 12.1 percent a year earlier.

Average revenues for these firms was over one-half million dollars in 1980, after averaging $349,000 in 1979.

Total salaries, wages and benefits declined from 41 percent of gross operating profit in 1979 to 39 percent in 1980, but depreciation increased from 9.8 percent in 1979 to 13.7 percent this year. Occupancy cost was up two percentage points.

The current ratio declined in 1980 to 1.51 from 1.75 a year earlier. Average net worth was $127,000 for these firms in 1980 compared to $106,000 in 1979.

Tables IV–1 and IV–2 contain income and expense statements and balance sheets for firms in the three categories. Table IV–3 includes key financial ratios.

TABLE IV–1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1980

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income	136,650,051	60.50	41,197,863	76.93	12,822,262	73.89	
Merchandise & Equipment Sales	72,705,768	32.19	10,044,187	18.75	3,607,818	20.79	
Other Operating Income	16,518,199	7.31	2,313,824	4.32	923,399	5.32	
Total Operating Income	225,874,018	100.00	53,555,874	100.00	17,353,479	100.00	
Less Cost of Sales	60,247,506	26.67	7,342,100	13.71	2,548,501	14.69	
Gross Operating Profit	165,626,512	73.33	46,213,774	86.29	14,804,978	85.31	
OPERATING EXPENSES:							
Salaries & Wages	52,530,330	23.26	15,781,504	29.47	5,223,863	30.10	
Employee Benefits & Taxes	7,222,814	3.20	1,979,022	3.70	554,019	3.19	
Equipment Maintenance & Repair	13,238,392	5.86	3,499,377	6.53	753,333	4.34	
Shop Supplies & Expense	7,768,198	3.44	1,907,454	3.56	408,678	2.36	
Occupancy Cost	8,155,972	3.61	3,227,454	6.03	1,107,819	6.38	
Bad Debts Expense	2,191,285	0.97	283,948	0.53	71,271	0.41	
Office Supplies & Expenses	1,846,842	0.82	586,851	1.10	228,074	1.31	
Associations & Travel Expense	1,408,567	0.62	397,203	0.74	133,927	0.77	
Legal & Accounting	1,834,858	0.81	477,392	0.89	147,898	0.85	
Telephone & Other Communications	1,539,265	0.68	408,104	0.76	164,328	0.95	
Automobile & Truck Expense	3,798,883	1.68	879,926	1.64	460,945	2.66	
Insurance	5,542,118	2.45	2,089,125	3.90	578,151	3.33	
Advertising & Promotion	3,392,224	1.50	1,392,241	2.60	583,616	3.36	
Other Taxes	2,098,590	0.93	697,902	1.30	246,087	1.42	
Interest	9,037,326	4.00	1,957,714	3.66	515,573	2.97	
Franchise Fees	172,108	0.08	479,600	0.90	69,569	0.40	
Depreciation, Non-Rental Equipment	3,361,559	1.49	937,894	1.75	365,320	2.11	
Other Operating Expenses	5,810,324	2.57	1,209,554	2.26	359,987	2.07	
TOTAL OPERATING EXPENSES	130,947,455	57.97	38,192,265	71.31	11,972,258	68.99	
Operating Profit Before Rental Depr.	34,679,057	15.35	8,021,509	14.98	2,832,720	16.32	
Depreciation on Rental Equipment	22,674,135	10.04	5,584,246	10.43	1,656,636	9.55	
OPERATING PROFIT	12,004,922	5.31	2,437,263	4.55	1,176,084	6.78	
Other Income and Expense (Net)	1,397,879	0.62	229,318	0.43	38,651	0.22	
NET INCOME BEFORE INCOME TAXES	13,402,801	5.93	2,666,581	4.98	1,214,735	7.00	
NUMBER OF RESPONDENTS	175		150		32		

TABLE IV–2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1980

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:							
Cash	9,196,170	5.37	2,481,943	6.41	673,621	6.96	
Accounts Receivable (Net)	25,608,103	14.95	3,083,379	7.96	1,009,092	10.43	
Merchandise Inventories	22,856,295	13.35	3,083,876	7.97	1,184,602	12.24	
Marketable Securities	2,349,898	1.37	594,045	1.53	142,227	1.47	
Prepaid Expenses	3,231,144	1.89	788,985	2.04	176,087	1.82	
Supplies Inventory	707,211	0.41	91,322	0.24	38,473	0.40	
Other Current Assets	1,752,585	1.02	281,302	0.73	424,789	4.39	
Total Current Assets	65,701,406	38.37	10,404,852	26.88	3,648,891	37.72	
Rental Equipment–Net Book Value	78,134,154	45.63	20,054,120	51.80	4,539,145	46.92	
Other Fixed Assets–Net Book Value	21,260,838	12.42	6,339,066	16.37	1,305,596	13.50	
Total Fixed Assets	99,394,992	58.04	26,393,186	68.17	5,844,741	60.41	
Other Assets	6,142,103	3.59	1,917,158	4.95	180,928	1.87	
TOTAL ASSETS	171,238,501	100.00	38,715,196	100.00	9,674,560	100.00	
CURRENT LIABILITIES:							
Accounts Payable	11,612,902	6.78	1,939,487	5.01	520,908	5.38	
Current Notes Payable	28,320,058	16.54	4,089,878	10.56	1,534,255	15.86	
Contracts Payable	3,479,095	2.03	755,255	1.95	25,896	0.27	
Customers' Rental Deposits	272,239	0.16	128,087	0.33	19,054	0.20	
Accrued Expenses	3,242,917	1.89	659,770	1.70	102,425	1.06	
Taxes Payable	1,925,351	1.12	569,874	1.47	177,423	1.83	
Other Current Liabilities	4,329,857	2.53	225,629	0.58	41,754	0.43	
Total Current Liabilities	53,182,219	31.06	8,367,980	21.62	2,421,715	25.03	
Long-Term Debt	44,113,264	25.76	10,888,769	28.13	2,894,494	29.92	
Other Liabilities	5,551,020	3.24	1,954,235	5.05	282,340	2.92	
Total Liabilities	102,846, 503	60.06	21,210,984	54.79	5,598,549	57.87	
Net Worth	68,391,998	39.94	17,504,212	45.21	4,076,011	42.13	
TOTAL LIABILITIES AND NET WORTH	171,238,501	100.00	38,715,196	100.00	9,674,560	100.00	
NUMBER OF RESPONDENTS	175		150		32		

TABLE IV–3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1977-1980

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1980	1979	1978	1977	**1980**	1979	1978	1977	**1980**	1979	1978	1977
Current Ratio	**1.24**	1.23	1.39	1.39	**1.24**	1.28	1.41	1.14	**1.51**	1.75	1.76	1.76
Acid Test Ratio	**.70**	.80	.85	.79	**.74**	.78	.85	.65	**.75**	1.20	1.04	.71
Return on Investment	**19.6%**	34.9%	33.5%	27.6%	**15.2%**	27.3%	35.9%	27.4%	**29.8%**	39.6%	27.2%	22.5%
Return on Total Assets	**7.8%**	15.3%	14.6%	12.4%	**6.9%**	12.1%	15.8%	12.2%	**12.6%**	16.6%	15.3%	8.3%
Return on Revenues	**5.9%**	11.2%	10.3%	8.8%	**5.0%**	8.4%	11.1%	8.6%	**7.0%**	12.1%	11.3%	5.1%
Average Collection Period (Days)	**41**	40	47	44	**21**	22	23	22	**21**	24	23	31
Profits on Rental Investment	**17.2%**	31.0%	33.3%	30.6%	**13.3%**	24.2%	31.1%	22.8%	**26.8%**	35.6%	32.6%	23.6%
Total Revenues to Rental Investment	**2.9**	2.8	3.2	3.5	**2.7**	2.9	2.8	2.7	**3.8**	2.9	2.9	4.6
Rental Revenues to Rental Investment	**1.7**	1.8	1.8	1.9	**2.1**	2.2	2.2	2.0	**2.8**	2.5	2.3	2.5
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	**31.7**	30.1	31.7	32.5	**34.1**	32.8	31.6	32.2	**35.3**	36.3	36.3	40.2
Employee Benefits	**4.4**	4.2	4.6	4.1	**4.3**	4.1	3.5	3.6	**3.7**	4.7	4.0	4.3
Total	**36.1**	34.3	36.3	36.6	**38.4**	36.9	35.1	35.8	**39.0**	41.0	40.3	44.5
Depreciation (All)	**15.7**	15.6	13.6	13.2	**14.1**	12.4	13.4	13.9	**13.7**	9.8	11.0	11.1
Occupancy Cost	**4.9**	4.6	4.4	4.8	**7.0**	6.9	6.4	7.0	**7.5**	5.5	6.3	7.3
Equipment Maintenance & Repair	**8.0**	8.8	7.8	7.7	**7.6**	8.6	8.9	8.3	**5.1**	4.8	6.1	3.8
Interest	**5.5**	3.7	3.3	3.3	**4.2**	3.2	3.3	3.2	**3.5**	2.6	2.9	2.2
Advertising & Promotion	**2.0**	1.9	2.0	2.1	**3.0**	2.6	2.5	2.6	**3.9**	2.6	3.2	3.5
Insurance	**3.3**	3.3	3.7	3.4	**4.5**	4.8	4.2	3.9	**3.9**	4.1	4.9	4.8
Shop Supplies & Expense	**4.7**	3.1	3.2	2.6	**4.1**	3.4	2.6	4.3	**2.8**	3.3	3.1	1.9
OPERATING PROFIT	**7.2**	14.4	14.8	12.9	**5.3**	9.9	12.3	10.6	**7.9**	13.5	10.9	6.3
NUMBER OF RESPONDENTS	**175**	167	156	150	**150**	174	138	135	**32**	18	28	18

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V–1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1979 & 1980

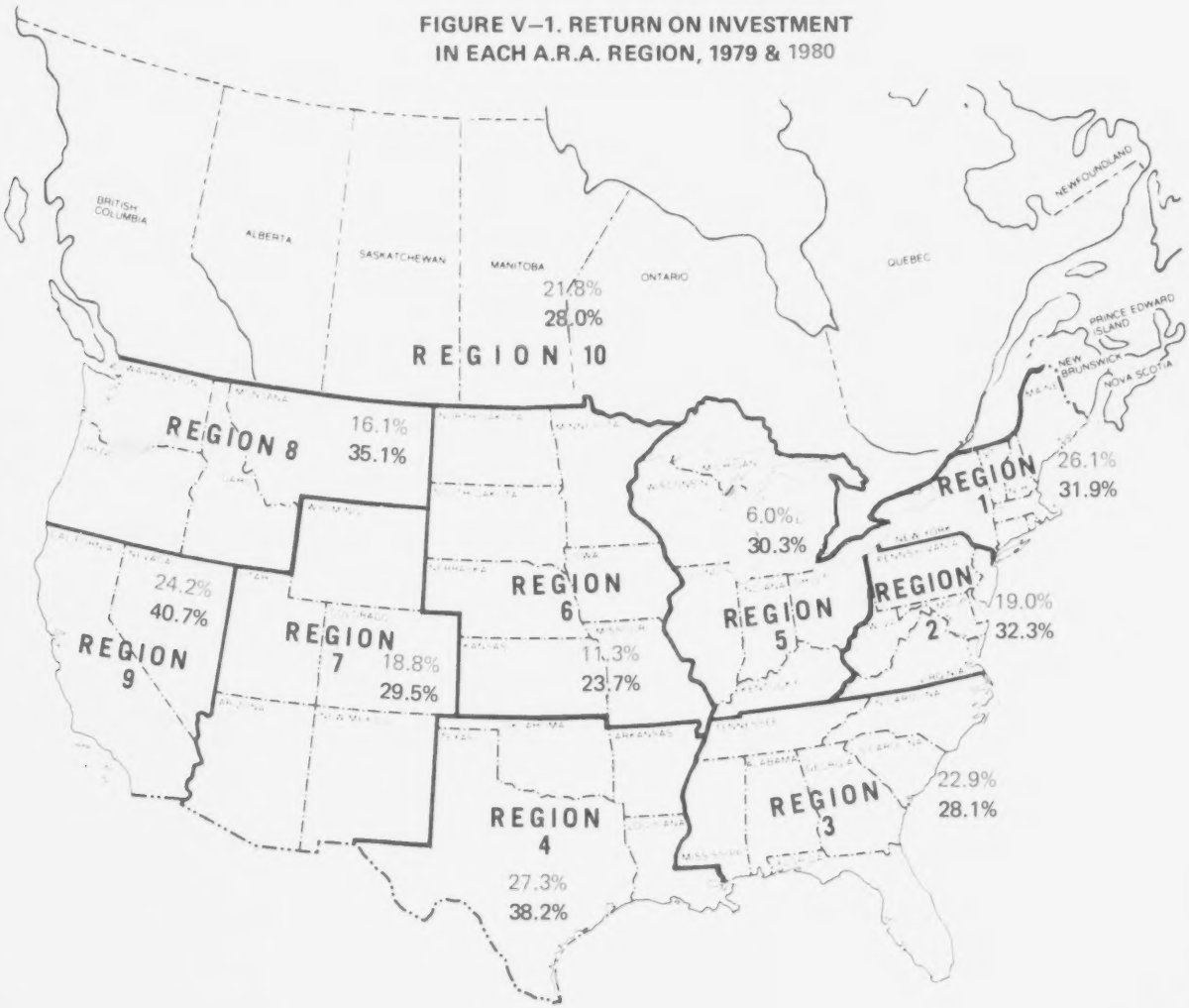


Table V–1 contains income and expense data by region, and Table V–2 presents balance sheet information. Key ratios for 1978-1980 for firms in each of the 10 regions are in Table V–3.

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
REGION 4: Arkansas, Louisiana, Oklahoma, Texas
REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
REGION 8: Alaska, Idaho, Montana, Oregon, Washington
REGION 9: California, Hawaii, Nevada
REGION 10: Canada

TABLE V–1. INCOME AND EXPENSE BY REGION, 1980

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	8,219,340	73.72	16,619,514	61.08	12,385,281	64.38	25,820,030	71.54	23,352,553	40.37
Merchandise & Equipment Sales	2,417,095	21.68	9,289,021	34.14	5,916,632	30.75	5,710,691	15.82	31,768,678	54.91
Other Operating Income	512,756	4.60	1,301,594	4.78	941,591	4.89	4,560,141	12.64	2,729,862	4.72
Total Operating Income	11,149,191	100.00	27,210,129	100.00	19,243,504	100.00	36,090,862	100.00	57,851,093	100.00
Less Cost of Sales	1,784,886	16.01	7,525,541	27.66	3,943,290	20.49	4,570,371	12.66	26,362,481	45.57
Gross Operating Profit	9,364,305	83.99	19,684,588	72.34	15,300,214	79.51	31,520,491	87.34	31,488,612	54.43
OPERATING EXPENSES:										
Salaries and Wages	3,430,691	30.77	6,687,671	24.58	4,681,068	24.33	9,205,585	25.51	11,452,470	19.80
Employee Benefits and Taxes	534,659	4.80	881,877	3.24	686,625	3.57	1,276,973	3.54	1,453,421	2.51
Equipment Maintenance and Repair	544,337	4.88	1,081,598	3.97	1,314,032	6.83	2,159,918	5.98	1,510,957	2.61
Shop Supplies and Expense	290,970	2.61	659,921	2.43	467,763	2.43	2,577,429	7.14	948,512	1.64
Occupancy Cost	569,330	5.11	1,311,028	4.82	748,701	3.89	1,169,917	3.24	2,093,124	3.62
Bad Debts Expense	83,191	0.75	298,668	1.10	173,419	0.90	185,350	0.51	333,279	0.58
Office Supplies and Expenses	95,805	0.86	277,642	1.02	179,048	0.93	244,608	0.68	413,733	0.72
Associations and Travel Expense	71,598	0.64	196,596	0.72	203,128	1.06	197,979	0.55	296,257	0.51
Legal and Accounting	99,829	0.90	233,399	0.86	182,012	0.95	280,152	0.78	316,336	0.55
Telephone and Other Communications	98,048	0.88	228,755	0.84	191,443	0.99	213,791	0.59	409,614	0.71
Automobile and Truck Expense	256,135	2.30	650,545	2.39	399,743	2.08	763,757	2.12	636,011	1.10
Insurance	483,150	4.33	766,385	2.82	673,807	3.50	1,142,676	3.17	1,200,833	2.08
Advertising and Promotion	233,153	2.09	631,602	2.32	352,573	1.83	721,113	2.00	946,927	1.64
Other Taxes	111,754	1.00	230,029	0.85	246,904	1.28	406,513	1.13	543,974	0.94
Interest	339,534	3.05	1,221,675	4.49	585,868	3.04	948,079	2.63	2,052,044	3.55
Franchise Fees	41,922	0.38	42,931	0.16	66,052	0.34	92,821	0.26	76,214	0.13
Depreciation, Non-Rental Equipment	127,212	1.14	413,151	1.52	346,876	1.80	604,753	1.68	1,136,090	1.96
Other Operating Expenses	191,220	1.72	343,915	1.26	371,446	1.93	544,156	1.51	1,269,110	2.19
TOTAL OPERATING EXPENSES	7,602,598	68.19	16,157,388	59.38	11,870,508	61.69	22,735,570	63.00	27,088,906	46.83
Operating Profit Before Rental Depr.	1,761,707	15.80	3,527,200	12.96	3,429,706	17.82	8,784,921	24.34	4,399,706	7.61
Depreciation on Rental Equipment	981,330	8.80	2,425,892	8.92	2,111,901	10.97	4,790,124	13.27	3,939,331	6.81
OPERATING PROFIT	780,377	7.00	1,101,308	4.05	1,317,805	6.85	3,994,797	11.07	460,375	0.80
Other Income and Expense (Net)	21,187	0.19	132,280	0.49	106,373	0.55	692,521	1.92	233,587	0.40
NET INCOME BEFORE INCOME TAXES	801,564	7.19	1,233,588	4.53	1,424,178	7.40	4,687,318	12.99	693,962	1.20
NUMBER OF RESPONDENTS	25		34		40		43		63	

TABLE V–1. INCOME AND EXPENSE BY REGION, 1980 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	18,950,955	74.56	15,910,675	79.31	16,125,199	64.50	35,125,376	84.29	18,161,253	54.89
Merchandise and Equipment Sales	5,369,561	21.13	2,924,485	14.58	7,239,693	28.96	4,658,242	11.18	11,063,675	33.44
Other Operating Income	1,097,306	4.32	1,225,089	6.11	1,636,050	6.54	1,888,012	4.53	3,863,021	11.68
Total Operating Income	25,417,822	100.00	20,060,249	100.00	25,000,942	100.00	41,671,630	100.00	33,087,949	100.00
Less Cost of Sales	4,369,194	17.19	2,304,678	11.49	6,572,647	26.29	4,595,324	11.03	8,109,695	24.51
Gross Operating Profit	21,048,628	82.81	17,755,571	88.51	18,428,295	73.71	37,076,306	88.97	24,978,254	75.49
OPERATING EXPENSES:										
Salaries and Wages	6,507,639	25.60	6,267,362	31.24	6,104,674	24.42	11,155,480	26.77	8,043,057	24.31
Employee Benefits and Taxes	762,889	3.00	984,636	4.91	891,188	3.56	1,604,136	3.85	679,451	2.05
Equipment Maintenance and Repair	1,771,930	6.97	1,644,844	8.20	1,983,996	7.94	3,843,236	9.22	1,636,254	4.95
Shop Supplies and Expense	575,071	2.26	527,118	2.63	620,735	2.48	2,395,794	5.75	1,019,017	3.08
Occupancy Cost	1,159,527	4.56	906,376	4.52	1,019,114	4.08	2,172,956	5.21	1,340,972	4.05
Bad Debts Expense	82,220	0.32	136,495	0.68	334,611	1.34	368,807	0.89	550,464	1.66
Office Supplies and Expenses	238,835	0.94	212,035	1.06	188,890	0.76	408,608	0.98	402,503	1.22
Associations and Travel Expense	118,171	0.46	126,443	0.63	203,304	0.81	324,707	0.78	201,514	0.61
Legal and Accounting	351,837	1.38	151,537	0.76	132,994	0.53	480,595	1.15	231,257	0.70
Telephone and Other Communications	224,472	0.88	103,529	0.52	132,111	0.53	209,085	0.50	300,849	0.91
Automobile and Truck Expense	528,532	2.08	242,823	1.21	264,445	1.06	491,395	1.18	906,368	2.74
Insurance	933,508	3.67	546,382	2.72	553,681	2.21	1,579,488	3.79	329,484	1.00
Advertising and Promotion	642,167	2.53	266,426	1.33	251,150	1.00	690,356	1.66	632,614	1.91
Other Taxes	204,751	0.81	319,501	1.59	307,334	1.23	493,878	1.19	177,941	0.54
Interest	1,627,798	6.40	710,676	3.54	582,263	2.33	1,618,749	3.88	1,823,927	5.51
Franchise Fees	337,180	1.33	10,204	0.05	29,991	0.12	23,962	0.06	0	0.00
Depreciation, Non-Rental Equipment	327,247	1.29	355,528	1.77	360,223	1.44	548,514	1.32	445,179	1.35
Other Operating Expenses	386,161	1.52	414,196	2.06	818,002	3.27	657,400	1.58	2,385,269	7.21
TOTAL OPERATING EXPENSES	16,778,925	66.01	13,926,111	69.42	14,778,706	59.11	29,067,146	69.75	21,106,120	63.79
Operating Profit Before Rental Depr.	4,269,703	16.80	3,829,460	19.09	3,649,589	14.60	8,009,160	19.22	3,872,134	11.70
Depreciation on Rental Equipment	3,203,507	12.60	2,203,698	10.99	2,387,405	9.55	4,875,437	11.70	2,996,392	9.06
OPERATING PROFIT	1,066,196	4.19	1,625,762	8.10	1,262,184	5.05	3,133,723	7.52	875,742	2.65
Other Income and Expense (Net)	-1,108	0.00	148,641	0.74	214,603	0.86	36,694	0.09	81,070	0.25
NET INCOME BEFORE INCOME TAXES	1,065,088	4.19	1,774,403	8.85	1,476,787	5.91	3,170,417	7.61	956,812	2.89
NUMBER OF RESPONDENTS	45		29		25		28		26	

TABLE V–2. BALANCE SHEETS BY REGION, 1980

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	478,438	6.89	723,817	3.75	808,463	6.00	3,273,155	11.46	1,300,633	3.82
Accounts Receivable (Net)	920,270	13.25	2,319,301	12.02	1,849,981	13.73	3,032,688	10.61	5,812,060	17.09
Merchandise Inventories	818,992	11.79	3,927,633	20.35	1,290,336	9.58	1,822,558	6.38	8,374,724	24.62
Marketable Securities	25,400	0.37	54,483	0.28	159,265	1.18	102,840	0.36	600,515	1.77
Prepaid Expenses	237,438	3.42	407,180	2.11	180,754	1.34	559,626	1.96	507,195	1.49
Supplies Inventory	5,149	0.07	115,120	0.60	68,543	0.51	53,465	0.19	147,042	0.43
Other Current Assets	168,516	2.43	263,033	1.36	217,788	1.62	49,792	0.17	350,650	1.03
Total Current Assets	2,654,203	38.20	7,810,567	40.47	4,575,130	33.96	8,894,124	31.13	17,092,819	50.26
Rental Equipment–Net Book Value	3,297,080	47.46	7,996,600	41.44	6,740,287	50.03	15,508,328	54.28	11,369,132	33.43
Other Fixed Assets–Net Book Value	873,638	12.57	2,572,046	13.33	1,721,081	12.77	3,603,170	12.61	4,866,845	14.31
Total Fixed Assets	4,170,718	60.03	10,568,646	54.76	8,461,368	62.80	19,111,498	66.89	16,235,977	47.74
Other Assets	122,769	1.77	919,418	4.76	436,460	3.24	565,592	1.98	681,807	2.00
TOTAL ASSETS	6,947,690	100.00	19,298,631	100.00	13,472,958	100.00	28,571,214	100.00	34,010,603	100.00
CURRENT LIABILITIES:										
Accounts Payable	531,104	7.64	1,447,611	7.50	934,227	6.93	1,027,271	3.60	2,592,781	7.62
Current Notes Payable	765,563	11.02	3,792,875	19.65	1,743,201	12.94	2,718,732	9.52	8,924,376	26.24
Contracts Payable	7,000	0.10	54,157	0.28	189,443	1.41	58,943	0.21	531,622	1.56
Customers' Rental Deposits	22,790	0.33	48,492	0.25	31,101	0.23	152,388	0.53	52,086	0.15
Accrued Expenses	188,087	2.71	319,120	1.65	252,309	1.87	481,094	1.68	815,993	2.40
Taxes Payable	81,428	1.17	154,052	0.80	248,362	1.84	363,439	1.27	284,829	0.84
Other Current Liabilities	17,320	0.25	99,363	0.51	84,598	0.63	115,868	0.41	429,465	1.26
Total Current Liabilities	1,613,292	23.22	5,915,670	30.65	3,483,241	25.85	4,917,735	17.21	13,631,152	40.08
Long-Term Debt	1,881,157	27.08	6,315,269	32.72	3,164,715	23.49	5,571,698	19.50	7,726,538	22.72
Other Liabilities	381,379	5.49	567,310	2.94	610,331	4.53	939,978	3.29	1,163,749	3.42
Total Liabilities	3,875,828	55.79	12,798,249	66.32	7,258,287	53.87	11,429,411	40.00	22,521,439	66.22
Net Worth	3,071,862	44.21	6,500,382	33.68	6,214,671	46.13	17,141,803	60.00	11,489,164	33.78
TOTAL LIABILITIES AND NET WORTH	6,947,690	100.00	19,298,631	100.00	13,472,958	100.00	28,571,214	100.00	34,010,603	100.00
NUMBER OF RESPONDENTS	25		34		40		43		63	

TABLE V–2. BALANCE SHEETS BY REGION, 1980 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	683,437	2.87	1,319,602	8.04	893,163	4.16	2,682,023	8.78	189,003	0.75
Accounts Receivable (Net)	2,584,243	10.84	1,506,379	9.18	2,467,607	11.50	3,553,161	11.64	5,654,884	22.56
Merchandise Inventories	1,226,494	5.14	667,629	4.07	3,883,308	18.09	822,898	2.69	4,290,201	17.12
Marketable Securities	185,466	0.78	213,347	1.30	1,378,403	6.42	365,451	1.20	1,000	0.00
Prepaid Expenses	366,318	1.54	205,376	1.25	362,296	1.69	1,149,867	3.77	220,166	0.88
Supplies Inventory	300	0.00	55,816	0.34	145,946	0.68	183,840	0.60	61,785	0.25
Other Current Assets	152,350	0.63	129,926	0.79	346,790	1.62	676,213	2.21	103,618	0.41
Total Current Assets	5,198,608	21.80	4,098,075	24.97	9,477,513	44.16	9,433,453	30.89	10,520,657	41.97
Rental Equipment–Net Book Value	15,321,840	64.26	8,172,942	49.79	9,766,763	45.50	16,818,176	55.07	7,736,271	30.86
Other Fixed Assets–Net Book Value	2,219,784	9.31	2,705,176	16.48	1,769,938	8.25	3,173,534	10.39	5,400,288	21.55
Total Fixed Assets	17,541,624	73.57	10,878,118	66.27	11,536,701	53.75	19,991,710	65.46	13,136,559	52.41
Other Assets	1,104,343	4.63	1,438,812	8.77	449,851	2.10	1,113,344	3.65	1,407,793	5.62
TOTAL ASSETS	23,844,575	100.00	16,415,005	100.00	21,464,065	100.00	30,538,507	100.00	25,065,009	100.00
CURRENT LIABILITIES:										
Accounts Payable	940,789	3.95	640,813	3.90	1,069,090	4.98	1,423,925	4.66	3,465,686	13.83
Current Notes Payable	3,556,603	14.92	1,569,087	9.56	1,348,181	6.28	4,409,659	14.44	5,115,824	20.41
Contracts Payable	82,468	0.35	313,230	1.91	811,675	3.78	1,706,652	5.59	505,056	2.01
Customers' Rental Deposits	23,261	0.10	21,570	0.13	27,376	0.13	34,083	0.11	6,233	0.02
Accrued Expenses	392,993	1.65	499,892	3.05	300,895	1.40	449,920	1.47	304,809	1.22
Taxes Payable	168,403	0.71	174,326	1.06	216,240	1.01	336,473	1.10	645,096	2.57
Other Current Liabilities	13,323	0.06	22,701	0.14	3,326,605	15.50	307,824	1.01	179,973	0.72
Total Current Liabilities	5,177,930	21.72	3,241,619	19.75	7,100,062	33.08	8,668,536	28.39	10,222,677	40.78
Long-Term Debt	7,993,017	33.52	3,514,027	21.41	4,610,173	21.48	7,402,303	24.24	9,717,630	38.77
Other Liabilities	1,266,969	5.31	206,172	1.26	557,608	2.60	1,349,640	4.42	744,459	2.97
Total Liabilities	14,437,916	60.55	6,961,818	42.41	12,267,843	57.16	17,420,479	57.04	20,684,766	82.52
Net Worth	9,406,659	39.45	9,453,187	57.59	9,196,222	42.84	13,118,028	42.96	4,380,243	17.48
TOTAL LIABILITIES	23,844,575	100.00	16,415,005	100.00	21,464,065	100.00	30,538,507	100.00	25,065,009	100.00
NUMBER OF RESPONDENTS	45		29		25		28		25	

TABLE V–3. FINANCIAL RATIOS BY REGION, 1978-1980

Financial Ratio	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
	1980	1979	1978	1980	1979	1978	1980	1979	1978	1980	1979	1978	1980	1979	1978
Current Ratio	1.65	2.12	2.24	1.32	1.02	1.17	1.31	1.37	1.63	1.81	1.25	1.57	1.25	1.71	1.53
Acid Test Ratio	.88	1.04	1.35	.52	.59	.66	.81	.98	1.06	1.30	.89	1.08	.57	.95	.78
Return on Investment	26.1%	31.9%	25.6%	19.0%	32.3%	37.0%	22.9%	28.1%	31.9%	27.3%	38.2%	42.0%	6.0%	30.3%	30.8%
Return on Total Assets	11.5%	16.2%	15.0%	6.4%	10.6%	13.4%	10.6%	14.4%	16.4%	16.4%	18.9%	24.2%	2.0%	14.6%	12.0%
Return on Revenues	7.2%	9.5%	8.3%	4.5%	7.1%	9.0%	7.4%	10.4%	11.2%	13.0%	15.3%	17.2%	1.2%	8.5%	8.6%
Average Collection Period (Days)	30	28	36	31	34	39	35	33	33	31	28	35	22	37	52
Profits on Rental Investment	24.3%	41.3%	35.3%	15.4%	21.6%	27.9%	21.1%	32.3%	36.7%	30.2%	36.5%	46.6%	6.1%	38.3%	31.0%
Total Revenues to Rental Investment	3.4	4.3	4.3	3.4	3.1	3.1	2.9	3.1	3.3	2.3	2.4	2.7	5.1	4.5	3.6
Rental Revenues to Rental Investment	2.5	2.5	2.4	2.1	1.7	1.8	1.8	2.3	2.3	1.7	1.9	2.0	2.1	2.4	1.8
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	36.6	33.8	36.9	34.0	33.2	32.4	30.6	31.5	32.2	29.2	27.7	27.8	36.4	34.5	35.2
Employee Benefits	5.7	5.3	5.6	4.5	4.7	3.7	4.4	3.7	3.6	4.1	3.6	4.1	4.6	4.9	5.3
Total	42.3	39.1	42.5	38.5	37.9	36.1	35.0	35.2	35.8	33.3	31.3	31.9	41.0	39.4	40.5
Depreciation (All)	11.8	11.6	12.2	14.4	13.5	14.2	16.1	16.2	14.8	17.1	16.5	15.1	16.1	12.0	12.9
Occupancy Cost	6.1	6.6	5.8	6.7	6.6	6.0	4.9	5.1	4.6	3.7	7.3	3.3	6.6	5.7	5.2
Equipment Maintenance & Repair	5.8	5.4	4.7	5.5	5.9	6.0	8.6	7.5	8.3	6.9	8.1	8.8	4.8	7.9	6.0
Interest	3.6	3.5	2.6	6.2	4.7	3.3	3.8	2.9	2.7	3.0	2.2	2.0	6.5	3.0	3.8
Advertising & Promotion	2.5	2.6	2.5	3.2	2.8	2.5	2.3	2.2	2.2	2.3	2.0	1.7	3.0	2.3	2.6
Insurance	5.2	4.4	5.1	3.9	4.0	4.3	4.4	4.0	4.0	3.6	3.6	3.8	3.8	4.1	3.4
Shop Supplies & Expense	3.1	2.7	3.0	3.4	2.4	3.6	3.1	3.3	2.8	8.2	4.8	5.1	3.0	2.9	2.0
OPERATING PROFIT	8.3	12.8	11.4	5.6	9.8	11.8	8.6	12.5	13.4	12.7	15.6	20.1	1.5	12.5	12.4
NUMBER OF RESPONDENTS	25	20	18	34	38	33	40	38	40	43	36	36	63	54	50

TABLE V–3. FINANCIAL RATIOS BY REGION, 1978-1980 (Continued)

	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
Financial Ratio	1980	1979	1978	1980	1979	1978	1980	1979	1978	1980	1979	1978	1980	1979	1978
Current Ratio	1.00	1.21	1.26	1.26	1.34	1.53	1.33	1.12	1.37	1.09	1.19	1.44	1.03	.99	1.09
Acid Test Ratio	.67	.59	.73	.94	1.02	1.17	.67	.79	.77	.76	.84	.96	.57	.64	.64
Return on Investment	11.3%	23.7%	28.6%	18.8%	29.5%	26.8%	16.1%	35.1%	31.6%	24.2%	40.7%	42.0%	21.8%	28.0%	23.3%
Return on Total Assets	4.5%	11.7%	14.0%	10.8%	16.7%	14.8%	6.9%	14.0%	9.4%	10.4%	17.8%	19.4%	3.8%	6.3%	7.2%
Return on Revenues	4.2%	8.7%	11.0%	8.9%	13.8%	13.5%	5.9%	11.4%	6.2%	7.6%	11.8%	12.9%	2.9%	4.8%	5.0%
Average Collection Period (Days)	37	20	23	27	29	34	36	38	48	31	36	34	62	55	59
Profits on Rental Investment	7.0%	20.3%	23.6%	21.7%	32.2%	30.9%	15.1%	23.8%	18.3%	18.9%	34.0%	37.6%	12.4%	16.1%	26.9%
Total Revenues to Rental Investment	1.7	2.3	2.2	2.5	2.3	2.3	2.6	2.1	3.0	2.5	2.9	2.9	4.3	3.3	5.3
Rental Revenues to Rental Investment	1.2	1.8	1.6	1.9	1.9	1.9	1.7	1.4	1.3	2.1	2.2	2.1	2.3	2.4	3.1
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	30.9	30.2	29.7	35.3	33.5	34.3	33.1	29.6	27.6	30.1	28.5	29.4	32.2	32.8	37.1
Employee Benefits	3.6	3.3	3.4	5.5	5.5	4.9	4.8	4.1	5.2	4.3	4.2	4.5	2.7	3.0	2.7
Total	34.5	33.5	33.1	40.8	39.0	39.2	37.9	33.7	32.8	34.4	32.7	33.9	34.9	35.8	39.8
Depreciation (All)	16.8	13.5	13.6	14.4	12.1	12.0	14.9	16.1	17.2	14.6	14.7	12.0	13.8	15.3	11.1
Occupancy Cost	5.5	5.1	5.2	5.1	4.4	4.2	5.5	4.0	5.0	5.9	3.6	4.3	5.4	7.0	8.6
Equipment Maintenance & Repair	8.4	11.3	11.3	9.3	10.3	10.2	10.8	7.7	6.8	10.4	10.5	9.6	6.6	10.2	6.6
Interest	7.7	3.7	3.2	4.0	2.4	3.4	3.2	4.1	5.0	4.4	3.7	2.3	7.3	5.0	5.3
Advertising & Promotion	3.1	2.8	2.7	1.5	1.7	1.8	1.4	1.7	2.4	1.9	1.6	1.5	2.5	3.0	2.5
Insurance	4.4	4.9	4.6	3.1	3.2	3.1	3.0	4.1	3.6	4.3	4.3	5.3	1.3	1.4	1.4
Shop Supplies & Expense	2.7	2.9	1.3	3.0	3.0	2.5	3.4	4.1	3.7	6.5	2.5	3.1	4.1	2.3	2.1
OPERATING PROFIT	5.1	10.6	14.1	9.2	14.7	14.1	6.8	13.6	11.3	8.5	15.6	16.5	3.5	7.4	8.1
NUMBER OF RESPONDENTS	45	43	33	29	35	29	25	38	25	28	29	31	25	28	27

COST: $10.00

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